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UNCLAS SECTION 01 OF 03 PORT AU PRINCE 001522

SENSITIVE
SIPDIS

STATE FOR WHA/CAR, DRL, S/CRS, INR/IAA
SOUTHCOM ALSO FOR POLAD
STATE PASS AID FOR LAC/CAR
TREASURY FOR MAUREEN WAFER, ERIN NEWPHEW

E.O. 12958: N/A
TAGS: [PGOV](#) [PREL](#) [KCOR](#) [HA](#)
SUBJECT: ANTI-CORRUPTION EFFORTS PICK UP STEAM

REF: A. PORT AU PRINCE 01460
[1](#)B. 07 PORT AU PRINCE 1442
[1](#)C. 07 PORT AU PRINCE 1126

[1](#)1. This message is sensitive but unclassified -- please protect accordingly.

Summary

[1](#)2. (SBU) After doing virtually nothing over the past year to prosecute corruption cases, law enforcement authorities in October moved against a handful of corruption suspects. The most significant case involves accusations of misuse of funds in Haiti's National Retirement Office (ONA). The Mayor of Leogane was arrested October 20 for allegedly embezzling over USD 250,000. Large infusions of disaster recovery money have generated widespread suspicions and accusations that mayors are diverting funds. The latest steps typify the shortcomings of all judicial action in Haiti: dubiously grounded and overly hasty prosecutorial actions, halting judicial follow-up, and parliamentary criticism at times motivated by elected officials' own implication in cases under investigation. End summary.

ONA Director Sandro Joseph Accused

[1](#)3. (SBU) Law enforcement authorities have mounted no major anti-corruption cases since the splashy arrests of the Brandts in a customs fraud case in July of last year (ref C), and of Frank Cine in the Socabank scandal in June (ref D). The Anti-Corruption Unit (ULCC) in the Ministry of Justice, however, is now mounting new investigations. The first and most prominent target was the 'National Retirement Office (ONA),' the government body charged with administering the private sector's pension system. The Prosecutor's Office charged that ONA Director Sandro Joseph purchased a car for his former mistress in February 2007 with ONA funds. He allegedly paid approximating USD 27,000 to an auto dealer in cash, violating the law on making cash payments above a certain amount. Joseph was also accused of purchasing personal real estate in the amount of 56 million Haitian Gourdes (USD 1.4 million) for the construction of 300 housing units.

[1](#)4. (SBU) These revelations came after Joseph announced in August that ONA had invested in a coffee co-operative in southeast Haiti. The private sector reacted, demanding that ONA act more responsibly with its members' savings and demanded that the Government of Haiti (GOH) install a board of directors at ONA, as required by the institution's regulations.

Controversial Raid

15. (SBU) However scandalous these revelations, Port-au-Prince Chief Prosecutor Joseph Manes Louis' initial pursuit of the case weakened the state's case. He conducted a raid on ONA's office October 9, ostensibly to arrest Joseph. The Director had been tipped off, and left the building before Manes Louis and hooded agents of a special unit of the Haitian National Police (HNP) arrived, and roughed up members of the ONA accounting department. Members of both houses of parliament protested the harsh incursion into ONA premises and questioned its legal authority. Chief Prosecutor Manes Louis subsequently admitted that an arrest warrant for Joseph had not been issued until October 11, and that the October 9 raid had only sought to bring Joseph in for questioning.

Some Senators Implicated in ONA

16. (SBU) At the same time it emerged that three senators of the Lespwa party benefited from favorable ONA loans. Senate President Kely Bastien allegedly received a loan from ONA of 7,800,000 HTG (USD 200,000) payable over 25 years. Senator Joseph Lambert obtained a loan valued at 2,900,000 HTG (USD 74,000) payable over 15 years, and former senator Ultimo Compere purportedly benefited from a loan of approximately 2,000,000 HTG (USD 51,000).

Parliament Reacts

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17. (SBU) The Senate called Prime Minister (and Minister of Justice) Michele Pierre-Louis to testify on the case in secret session October 16, where she said that the case had been transferred from the Prosecutor to an investigative magistrate (juge d'instruction). Members of the Cour Supérieur des Comptes et du Contentieux (CSCC) -- somewhat equivalent to the U.S. General Accountability Office -- appeared before the Senate Justice Commission October 22. Senators called for a review of ONA's management practices and appealed for a special investigation into mortgage loans. Chamber of Deputies Finance Commission President Jean-Marcel Lumerant accused the ULCC and the Public Prosecutor's office of trying to arrest Joseph without adequate legal basis. Lumerant maintained the issue was under the authority of the CSCC where it should be resolved. Senator Jean-Hector Anacasis, on the other hand, demanded that Preval fire Joseph for corruption. President Preval stated on October 21 that Joseph would be removed from his position at ONA -- but this has yet to happen.

PM Calls for Normal Judicial Procedure

18. (SBU) The ONA Director remains a free man, and has yet to appear in the Prosecutor's office for questioning. The only legal result of the scandal to emerge thus far is that the Prime Minister said October 16 that this and other cases should be handled in normal legal channels by the Prosecutor handing them to an investigating magistrate (juge d'instruction) for investigation and possible prosecution. The PM also warned prosecutors to "respect the fundamental rights of citizens" and not to reveal details of ongoing cases to the press. She promised that authorities would handle this and all future corruption cases in strict conformity with the law.

Corruption Accusations Over Disaster Relief

19. (SBU) The goods beginning to cascade down to local authorities from the nearly USD 200 million in GOH emergency

disaster relief funds have provided ample material for corruption, or at least the appearance thereof. Police on October 27 discovered a warehouse in Gonaives filled with apparently diverted relief supplies. The warehouse belongs to a security official in the office of the Mayor of Gonaives, Stephen Moises. MINUSTAH officials in Gonaives told the Ambassador October 22 there is widespread suspicion that mayors of Gonaives and many other towns in the Artibonite Department are distributing relief supplies for partisan purposes, or even diverting aid for their own profit. There have been small demonstrations in Gonaives and other towns in the Artibonite Department protesting suspected corruption in aid distribution by municipal administrations. The CSCC has implicated the mayor of Savanette of diverting millions of Haitian gourdes intended for the state of emergency, according to an October 22 media report. (Note: The Center Department, which includes Savanette, did not suffer substantial losses due to August/September floods. End note)

¶10. (SBU) To date, however, there has been only one arrest. Herold Romeus, Mayor of Grande Saline, a municipality in the Artibonite Department, was arrested October 24 after an incident where citizens pressed him to account for funds he received to assist with emergency response to the hurricanes/floods. Romeus reportedly discharged his personal weapon and may have injured some residents. Romeus was subsequently arrested and held in St. Marc, but was released the weekend of October 25 after convincing the magistrate that he had acted in self-defense.

¶11. (SBU) The Mayor of Leogane, Santos Alexis, was arrested along with the City Hall Administrator at the Malpasse border crossing as he attempted to flee to the Dominican Republic. They are suspected of embezzlement of approximately 8 million Haitian gourdes (USD 250,000) and improper use of public funds. The mayor's supporters responded by burning tires on National Road number 2 and other roads in the city. Protesters said they are ready to 'paralyze' the city and all economic activity until the mayor is released. (Note: Funds allegedly embezzled in this case may not have been tied to disaster relief. End note)

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¶12. (SBU) Subsequent to these cases, the Regional Delegate of the Western Department (Haiti's most populous Department, which includes Port-au-Prince) M. Michel Bernardin required that the mayors of the twenty municipalities in the department submit a financial report by the 10th day of every month outlining receipts and expenditures. Bernardin said the submittals are intended to improve the functioning, transparency and management of the municipalities. The reports will be submitted to the Ministry of Interior.

Malversations in the Media -----

¶13. (SBU) Several employees of Haiti's national television station (TNH) were arrested October 21 for renting retransmission equipment to the station even though it belonged to the station. The equipment was withheld from inventory so as to be untraceable. The television manager moved to fire the employees, prepare a complete inventory of equipment and other assets, and request the most recent audit of the station by the CSCC.

Comment -----

¶14. (SBU) The spectacular corruption cases brought in the summer of 2007 have yet to produce formal indictments. This new set of cases does not necessarily amount to a concerted campaign, and it could fizzle. The weakness of Haiti's criminal justice system leads us to doubt that many of these recent cases will produce prosecutions and convictions. As

noted in ref A, Vice President of the Supreme Court of Appeals Georges Moises accused the entire judiciary and associated government institutions of corruption, which he labeled the primary source of ''judicial insecurity'' in Haiti.

¶15. (SBU) The one bright spot in the recent spate of corruption cases is the vigor of the Anti-Corruption Unit and the Cour Supérieur des Comptes in investigating suspected embezzlers and money-launderers. President Preval has long complained that Haiti (with assistance from the international community) must do more to arrest and imprison those engaged in financial crimes. Preval has eagerly followed progress in the technical and legal assistance provided by advisors from the U.S. Treasury Office of Technical Assistance (funded by INL/NAS). Since September 2007, they have worked to build capacity at the Financial Intelligence Unit (UCREF) and the Police Investigative Unit (BAFE), which both feed data to the ULCC for investigation, and to educate the banking community as to its reporting obligations. End comment)
SANDERSON